

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 INRE-00
SS-15 NSCE-00 SSO-00 AF-10 ARA-10 EA-10 NEA-10
IO-13 /104 W
-----085603 192041Z /41/72

O R 191719Z APR 78

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 7860

INFO AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY ROME

USMISSION USBERLIN

AMEMBASSY STOCKHOLM

AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY BERN

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 07344

C O R R E C T E D C O P Y (FOR RENUMBERING PARAGRAPHS)

E.O. 11652:N/A

TAGS: EAIR, GW

SUBJECT: US-FRG CONSULTATIONS ON AIR FARES, SCHEDULES
AND CHARTERS

REF: A. STATE 8695, B. STATE 91741

L. CONSULTATIONS IN BONN WERE HELD APRIL 17-19.
AGREED MEMORANDUM OF CONSULTATION BEING SENT BY SEPTEL.

2. FARES. NO PROGRESS ON BUDGET FARE PROPOSED

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BY PAN AM. FRG AUTHORITIES MAINTAINED THAT FARE
WAS AT UNECONOMIC LEVEL AND HAD VARIOUS OBJECTABLE
TERMS. FRG ARGUED THAT FARE WOULD ELIMINATE CHARTERS
FROM US-FRG MARKET, WITH LOSS OF JOBS BY TOUR
OPERATORS. GERMANS STATED THEY MIGHT BE
PREPARED TO APPROVE FARE IN CONTEXT OF OVERALL LIBERAL
AGREEMENT, INCLUDING MORE LIBERAL CHARTER RULES,

BUT THAT SUCH A MOVE WOULD HAVE TO AWAIT FURTHER NEGOTIATIONS. NO INDICATION THAT FRG INTENDS TO PROHIBIT USE OF FARE TO BEYOND OR INTERMEDIATE POINTS (E.G., AMSTERDAM AND BERLIN).

3. ON HOLIDAY FARE, FRG HAS AGREED THAT, FOR POINTS SERVED BY LUFTHANSA, US CARRIERS COULD ALSO OFFER FARE WITH INTRA-LINE CONNECTIONS OCCURRING EITHER IN US OR AT LONDON. FARE ALSO AVAILABLE ON ALL ROUTES SERVED BY DIRECT, SINGLE-FLIGHT-NUMBER FLIGHTS. US DEL MAINTAINED THAT FARE SHOULD BE AVAILABLE TO ALL CARRIERS (INCLUDING THIRD-COUNTRY CARRIERS) AND WITHOUT LIMITATIONS, AND THAT THIS VIEW WOULD BE PRESSED IN FURTHER NEGOTIATIONS. US INDICATED, HOWEVER, THAT LIBERALIZED FRG POSITION WAS A POSITIVE STEP.

4. AT CLOSE OF FARE DISCUSSION, US DEL INDICATED THAT IT WOULD NOT PRESS FURTHER ON OTHER IMMEDIATE FARE ISSUES (CHILDREN'S DISCOUNT ON HOLIDAY FARE, APEX ISSUES), BUT US WAS COMMITTED TO REGIME ALLOWING AIRLINES TO EXERCISE FLEXIBILITY ON LOW FARES. FRG ACTION ON THESE FARES WOULD BE TAKEN INTO ACCOUNT IN FUTURE NEGOTIATIONS AND USCAB FARE DECISIONS.

5. SCHEDULES. FRG HAS WITHDRAWN OBJECTIONS RE LIMITED OFFICIAL USE

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PAN AMERICAN SUMMER SCHEDULES, INCLUDING CHANGE OF GAUGE AND FIFTH FREEDOM OPERATIONS TO BELGRADE, TEHRAN, AND HONG KONG.

6. CHARTERS. NO PROGRESS ON IMMEDIATE ISSUES, EXCEPT THAT EFFECTIVE APRIL 1 FRG HAS REVISED CHARTER RULES WITH A FEW MINOR LIBERALIZATIONS (E.G., ABC

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C O R R E C T E D C O P Y (FOR RENUMBERING PARAGRAPHS)

ADVANCE BOOKING PERIOD REMAINS 45 DAYS, BUT IT IS COMPUTED FROM DATE OF MAILING OF LIST RATHER THAN RECEIPT). FRG DEL STATED THAT IT WAS PREPARED TO ACCEPT BASIC APPROACH OF THE UK AGREEMENT ON CHARTERS IN CONTEXT OF OVERALL MODIFICATION OF BILATERAL, BUT THAT MOVEMENT ON CHARTERS WOULD HAVE TO AWAIT OVERALL AGREEMENT.

7. FRG DEL OUTLINED ITS VIEW ON INBALANCE OF 1955

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BILATERAL AND ON DESIRED CHANGES. ON 3D AND 4TH FREEDOM RIGHTS, FRG PROPOSED THAT BILATERAL CONTAIN NO LIMITS ON AUTHORIZED POINTS, OR ALTERNATIVELY FRG BE GIVEN RIGHTS TO MIAMI, DALLAS, ATLANTA, SAN FRANCISCO, WASHINGTON, AND DETROIT. ON 5TH FREEDOM, PARTIES SHOULD CONSIDER MUTUAL ELIMINATION OF INTERMEDIATE POINTS, OR SUCH POINTS FOR ONE SIDE SHOULD BE BALANCED BY AVAILABILITY IN OTHER COUNTRY OF CO-TERMINALPOINTS. ON BEYOND POINTS, FRG ARGUED THAT PRESENT AGREEMENT CONTAINS CONSIDERABLE IMBALANCE IN US FAVOR. FRG NOT OPPOSED TO CONTINUED AVAILABILITY OF CHANGE OF GAUGE FOR US CARRIERS, BUT A QUID PRO QUO WOULD BE REQUIRED. FINALLY, FRG STATED THAT IT HAS SERIOUS DOUBTS

ABOUT WISDOM OF A MULTIPLE-DESIGNATION PROVISION,
AND WOULD THEREFORE SEEK LIMITED-DESIGNATION ALONG
BERMUDA 2 LINES.

8. US DEL INDICATED IT WAS NOT PREPARED TO RESPOND
TO FRG POSITION AT PRESENT. HOWEVER, OUTLINE OF
PROPOSED PRESIDENTIAL POLICY ON AVIATION NEGOTIATIONS
WAS LEFT WITH FRG DEL, AND US TEAM STATED THAT
POLICY WOULD GENERALLY GOVERN US POSITION. ALONG
SAME LINES, US SAID IT COULD NOT CONSIDER LIMITATION
ON DESIGNATION RIGHTS. ALSO EMPHASIZED THAT LIBERAL
CHARTER REGIME WOULD BE NECESSARY PART OF PACKAGE.

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